



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-489-822]

Welded Line Pipe from the Republic of Turkey: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Department) preliminarily determines that welded line pipe from the Republic of Turkey (Turkey) is being, or is likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733(b) of the Tariff Act of 1930, as amended (the Act). The period of investigation (POI) is October 1, 2013, through September 30, 2014. The estimated weighted-average dumping margins of sales at LTFV are shown in the “Preliminary Determination” section of this notice. Interested parties are invited to comment on this preliminary determination.

EFFECTIVE DATE: (INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER.)

FOR FURTHER INFORMATION CONTACT: Alice Maldonado or David Crespo, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4682 or (202) 482-3693, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department initiated this investigation on November 5, 2014.<sup>1</sup> For a complete description of the events that followed the initiation of this investigation, see the memorandum that is dated concurrently with this determination and hereby adopted by this notice.<sup>2</sup> The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be found at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

#### Scope of the Investigation

The scope of the investigation covers welded line pipe, which is carbon and alloy steel pipe of a kind used for oil and gas pipelines, not more than 24 inches in nominal outside diameter. For a complete description of the scope of the investigation, see Appendix I.

#### Scope Comments

Certain interested parties commented on the scope of the investigation as it appeared in the Initiation Notice. For discussion of those comments, see the Preliminary Decision Memorandum.

#### Methodology

The Department is conducting this investigation in accordance with section 731 of the Act. There are two mandatory respondents participating in this investigation, Çayırova Boru

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<sup>1</sup> See Welded Line Pipe from the Republic of Korea and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations, 79 FR 68213 (November 14, 2014) (Initiation Notice).

<sup>2</sup> See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, entitled "Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of Welded Line Pipe from the Republic of Turkey" (Preliminary Decision Memorandum), dated concurrently with this notice.

Sanayi ve Ticaret A.S./ Yücel Boru İthalat-İhracat ve Pazarlama A.S. (collectively, Çayırova) and Tosçelik Profil ve Sac Endustrisi A.S./ Tosyalı Dis Ticaret A.S. (collectively, Tosçelik). Export price for these companies is calculated in accordance with section 772 of the Act. Normal value (NV) is calculated in accordance with section 773 of the Act. For a full description of the methodology underlying our preliminary conclusions, see the Preliminary Decision Memorandum.

Because mandatory respondents Borusan Mannesmann Boru Sanayi ve Ticaret A.S. (Borusan Mannesmann) and Borusan İstikbal Ticaret (Borusan İstikbal) failed to respond to the Department's questionnaire, we preliminarily determine to apply adverse facts available (AFA) to these respondents, in accordance with sections 776(a) and (b) of the Act and 19 CFR 351.308. For further discussion, see the Preliminary Decision Memorandum.

#### All-Others Rate

Consistent with sections 733(d)(1)(A)(ii) and 735(c)(5) of the Act, the Department also calculated an estimated all-others rate. Section 735(c)(5)(A) of the Act provides that the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and de minimis margins, and any margins determined entirely under section 776 of the Act.

In this investigation, we calculated weighted-average dumping margins for both participating mandatory respondents that are above de minimis and which are not based on total facts available. However, because there are only two relevant weighted-average dumping margins for this preliminary determination, using a weighted average of these two rates risks disclosure of business proprietary data. Therefore, we calculated both a weighted average of the dumping margins calculated for the two cooperating mandatory respondents using publicly

ranged quantities for their sales of subject merchandise and a simple average of these two dumping margins, and selected, as the all-others rate, the average that provides a more accurate proxy for the weighted-average margin of both companies calculated using business proprietary information.<sup>3</sup>

#### Preliminary Determination

The Department preliminarily determines that the following weighted-average dumping margins exist:

Exporter/Manufacturer	Weighted-Average Dumping Margin (percent)
Borusan Istikbal Ticaret	9.85
Borusan Mannesmann Boru Sanayi ve Ticaret A.S.	9.85
Çayirova Boru Sanayi ve Ticaret A.S./ Yücel Boru İthalat-Ihracat ve Pazarlama A.S.	9.71
Tosçelik Profil ve Sac Endustrisi A.S./ Tosyali Dis Ticaret A.S.	3.11
All Others	3.29

#### Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of welded line pipe from Turkey as described in Appendix I of this notice, which are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register.

In accordance with 19 CFR 351.205(d), we will instruct CBP to require a cash deposit equal to the weighted-average amount by which the NV exceeds U.S. price, as indicated in the

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<sup>3</sup> See Memorandum to the File from David Crespo, Senior Analyst, entitled, "Welded Line Pipe from the Republic of Turkey: Calculation of the Preliminary Margin for All Other Companies," dated concurrently with this memorandum (All Others Calculation Memorandum).

chart above, adjusted for export subsidies found in the preliminary determination of the companion countervailing duty investigation.<sup>4</sup> Specifically, consistent with our longstanding practice, where the product under investigation is also subject to a concurrent countervailing duty investigation, we instruct CBP to require a cash deposit equal to the amount by which the NV exceeds the U.S. price, as indicated below, less the amount of the countervailing duty determined to constitute an export subsidy.<sup>5</sup> Therefore, for cash deposit purposes, we are subtracting from the applicable cash deposit rate that portion of the countervailing duty rate attributable to the export subsidies found in the preliminary affirmative countervailing duty determination. Accordingly, the export subsidy offsets are as follows: 0.82 percent for Tosçelik, and 0.77 percent for Çayirova and all others, and 0.42 percent for Borusan Istikbal and Borusan Mannesmann.<sup>6</sup> After this adjustment, the resulting cash deposit rates will be 9.43 percent for Borusan Istikbal and Borusan Mannesmann, 8.94 percent for Çayirova, 2.29 percent for Tosçelik, and 2.52 percent for all others. The suspension of liquidation instructions will remain in effect until further notice.

#### Disclosure

We will disclose the calculations performed to interested parties in this proceeding within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

#### Verification

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<sup>4</sup> See Welded Line Pipe From the Republic of Turkey: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Determination, 80 FR 14943 (March 20, 2015), and accompanying Preliminary Decision Memorandum.

<sup>5</sup> See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Carbazole Violet Pigment 23 From India, 69 FR 67306, 67307 (November 17, 2004); and Notice of Final Determination of Sales at Less Than Fair Value and Negative Critical Circumstances Determination: Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea, 77 FR 17413 (March 26, 2012).

<sup>6</sup> See Memorandum to the File from Alice Maldonado, Senior Analyst, entitled, “Placing Information on the Record: Export Subsidies Calculated in the Preliminary Determination of the Countervailing Duty Investigation of Welded Line Pipe from the Republic of Turkey,” dated May 14, 2015.

As provided in section 782(i) of the Act, we intend to verify information relied upon in making our final determination.

#### Public Comment

Interested parties are invited to comment on this preliminary determination. Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the final verification report is issued in this proceeding, and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>7</sup> Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce. All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time, within 30 days after the date of publication of this notice.<sup>8</sup> Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

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<sup>7</sup> See 19 CFR 351.309.

<sup>8</sup> See 19 CFR 351.310(c).

### Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. 19 CFR 351.210(e)(2) requires that requests by respondents for postponement of a final antidumping determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

Çayirova and Tosçelik requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination by 60 days (i.e., to 135 days after publication of the preliminary determination), and agreed to extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2), from a four-month period to a period not to exceed six months.<sup>9</sup> In addition, certain petitioners<sup>10</sup> also requested that, in the event of a negative preliminary determination, the Department postpone its final determination to 135 days after the date of publication of the preliminary determination.<sup>11</sup>

In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) our preliminary determination is affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for

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<sup>9</sup> See letter from Çayirova and Tosçelik entitled, “Line pipe from Turkey; request to extend the final determination,” dated March 20, 2015.

<sup>10</sup> These companies include American Cast Iron Pipe Company, Energex Tube, a division of JMC Steel Group, Northwest Pipe Company, Stupp Corporation, a division of Stupp Bros., Inc., Tex-Tube Company, TMK IPSCO, and Welspun Tubular LLC USA (collectively, certain petitioners).

<sup>11</sup> See letter from certain of the petitioners entitled, “Welded Line Pipe from Turkey: Contingent Request for Postponement of Final Determination,” dated April 23, 2015.

denial exist, we are postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, we will make our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.<sup>12</sup>

#### International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: May 14, 2015.

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Paul Piquado,  
Assistant Secretary  
for Enforcement and Compliance.

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<sup>12</sup> See also 19 CFR 351.210(e).



## **Appendix I**

### **Scope of the Investigation**

The merchandise covered by this investigation is circular welded carbon and alloy steel (other than stainless steel) pipe of a kind used for oil or gas pipelines (welded line pipe), not more than 24 inches in nominal outside diameter, regardless of wall thickness, length, surface finish, end finish, or stenciling. Welded line pipe is normally produced to the American Petroleum Institute (API) specification 5L, but can be produced to comparable foreign specifications, to proprietary grades, or can be non-graded material. All pipe meeting the physical description set forth above, including multiple-stenciled pipe with an API or comparable foreign specification line pipe stencil is covered by the scope of this investigation.

The welded line pipe that is subject to this investigation is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.5000, 7305.12.1030, 7305.12.5000, 7305.19.1030, 7305.19.5000, 7306.19.1010, 7306.19.1050, 7306.19.5110, and 7306.19.5150. The subject merchandise may also enter in HTSUS 7305.11.1060 and 7305.12.1060. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum:**

1. Summary
2. Background
3. Period of Investigation
4. Postponement of Final Determination and Extension of Provisional Measures
5. Scope Comments
6. Affiliation and Single Entity
7. Discussion of Methodology
  - a. Determination of the Comparison Method
  - b. Results of the Differential Pricing Analysis
8. Date of Sale
9. Product Comparisons
10. Export Price
11. Duty Drawback
12. Normal Value
  - a. Home Market Viability
  - b. Level of Trade
  - c. Cost of Production (COP) Analysis
    1. Calculation of COP
    2. Test of Comparison Market Sales Prices
    3. Results of the COP Test
  - d. Calculation of NV Based on Comparison Market Prices
13. Facts Available
  - a. Use of Facts Available
  - b. Application of Facts Available with an Adverse Reference
  - c. Selection and Corroboration of Adverse Facts Available (AFA) Rate
14. Currency Conversion